



**Washington State  
Health Care Authority**

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January 4, 2006

The Honorable Christine Gregoire  
Governor  
Post Office Box 40002  
Olympia, Washington 98504-0002

Dear Governor Gregoire:

In your veto message on ESSB 6090, the 2005-07 operating budget bill you directed the Health Care Authority (HCA) to study Health Savings Accounts (HSAs). Your veto message read as follows:

**Section 213(11), page 73, Health Care Authority Study on Health Savings Accounts and High Deductible Plans**

This proviso directs the Public Employees Benefits Board to submit a report on options for the use of Health Savings Accounts within the Basic Health program – an area over which the Board has no authority. I agree that Health Savings Accounts accompanied with high-deductible health plans may provide a model for health care coverage that has the potential to involve consumers more directly in their health purchasing decisions. Health Savings Accounts need to be examined further as an option for Washington citizens. I am directing the Health Care Authority to provide an analysis of Health Savings Accounts within available funds.

The HCA has engaged Mercer Human Resources, Inc. (Mercer) for this study of HSAs as an offering to the Public Employees Benefits Board (PEBB). Enclosed is Mercer's report. Offering an HSA with a high deductible health plan in PEBB will receive active consideration as we move forward with your health care agenda. As outlined in Chapter 6 of the report, there are some significant policy and implementation issues to address in preparation for offering HSAs. Issues such as an employer contribution, the high deductible health plan benefits, and consumer education tools all impact the participation rates, cost benefits, and consumer satisfaction towards HSA accounts. In addition, there are potential legislative barriers to implementation of HSAs with PEBB, as well as procedural and technical hurdles to overcome (e.g., current personnel system capacity for HSA contributions).

Please feel free to contact me with any follow up questions to this report.

Sincerely,

Steve Hill  
Administrator

Enclosure

cc: Tom Fitzsimmons  
Marty Brown  
Laurie Dolan

Christina Hulet  
Mark Rupp  
Elise Greef